

COMMERCIAL LEASING UPDATE

Arizona's Monthly Review of Office, Retail, Industrial and Apartment Real Estate Activity



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Contributes to Southeast Valley Development Boom



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TEMPE

Booming with High-End Development

Tempe's blend of historic buildings and modern ideas is drawing new residents and stunning new buildings at record-breaking rates, creating a flow of energy and investment in the city.



BY SHERI
WAKEFIELD-SAENZ

More than \$1 billion in development is happening in Tempe right now, including a new light rail line, high rise condominium towers and lakefront office and residential opportunities. At least 5,000 new residents are expected to move into the core of the city within the next five years.

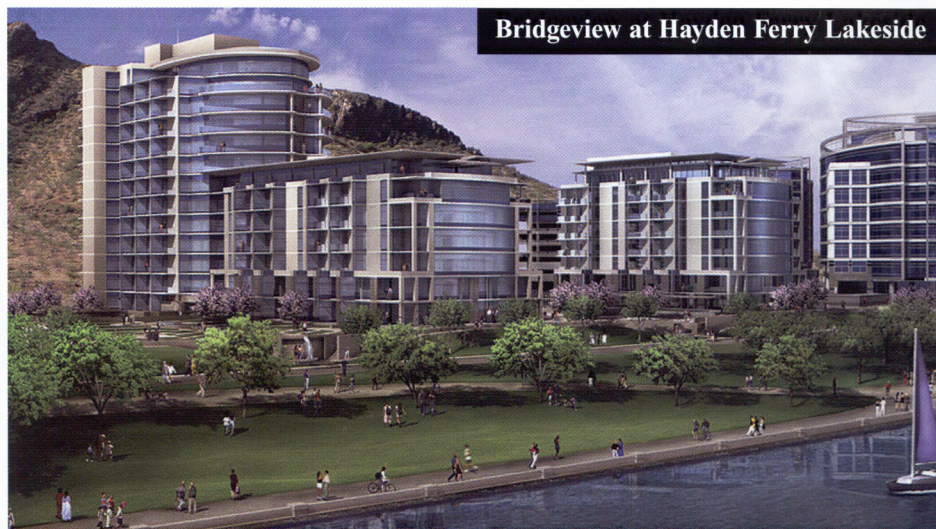
More than 40 projects are underway in Tempe, with the majority of them in the Mill Avenue District and Tempe Town Lake areas. The entire City of Tempe is just 40 square miles. The Town Lake area is now some of the Valley's most prestigious real estate, with prices of more than \$6 million for some penthouse condominiums.

The unprecedented pace of development has given rise to a new monthly report so that interested parties can watch the progress of the 45 projects in the works. Those interested may visit www.tempe.gov/business and click on the Development Report option for maps, project timelines and a monthly audiocast by Mayor Hallman.

About 70,000 SF of home décor-focused retail will open next month next to IKEA in **The Emerald Design Center** in **Emerald Center** next month. Stores include Norwalk Furniture, EQ3 and other one-of-a-kind specialty stores. Another 320,000 square feet will be added within two years at this site. The addition of these stores to the area will only serve to showcase south Tempe as an upscale furniture and home goods corridor similar to that in Scottsdale's Kierland Commons area. Only 50 acres remain at the Emerald Center development by Tait Land Group Real Estate.

With more people than ever working and playing in the city (Tempe generates more

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Bridgeview at Hayden Ferry Lakeside



Centerpoint Condominiums

jobs than it has residents), the demand for housing in the city is strong.

The **Cosmopolitan**, located at Ash and University Drive, announced that **Whole Foods** has signed a 20-year lease to become the first urban grocer in downtown Tempe. The gourmet and health-conscious foods store will occupy the bottom two floors of the 18-story building, with 16 more stories of condominiums planned above the store. Shoppers will use escalators and elevators to get their groceries from the store to their homes.

Centerpoint Condominiums will have the most immediate visual impact on downtown Tempe's skyline. Two 30-story and two 22-story luxury towers will burst onto the scene offering approximately 720 world-class condominium units with spectacular views. The project includes a wine bar, fitness center, and game room. An on-site concierge will help residents find great concert tickets or assist in ordering a fabulous meal from the full-time chef who works strictly for residents. The first buildings are planned to open in 2008, with phase one construction currently underway.

Across from Sun Devil Stadium, the **Armory** residential project will give college football fans the opportunity to live near their passion. With 300 residential units and approximately 250,000 SF of office and retail space in this project, the Armory will provide a new face to College Avenue. This project is scheduled to open in 2006.

SunCor's Edgewater at **Hayden Ferry Lakeside** celebrated residents moving into its first condominium tower in May. This is the first of four buildings which will house 450 residents. Units start at \$400,000 and go upwards of \$5 million.

Also part of the Hayden Ferry Lakeside development are three commercial office buildings. The first, with its headline tenant **Smith Barney**, is 95 percent leased. SunCor announced the title tenant for its second commercial tower, **KMPG**. This firm will take 150,000 SF, and have its name on the top of the building. The second tower is 45 percent leased and is only about 40 percent constructed.

Suncor also plans to add a 14-story hotel/condo project with 183 guestrooms, 40 condos and a restaurant to the cluster of blue buildings the developer is building next to Tempe Town Lake. In the plan, the hotel is positioned just south of Suncor's recently completed Edgewater condo tower. The hotel is expected to be 167-feet tall, with basement parking, a ground floor lobby and restaurant,



and hotel guest rooms on eight floors and condominiums on five floors.

The **Northshore** condominium development is under construction on the northern edge of Tempe Town Lake. It offers 134 units and is nearly sold out. **Mondrian**, next door to the development, will offer both apartments and condos, and is nearly built.

More traditional homes are also available in Tempe. **The Residences at Town Lake**, a Pulte Homes development of single-family homes, is just a couple blocks from the water.

An agreement was reached on development of the **Hayden Flour Mill**. This new project will include condominiums, a hotel, commercial office space, and an interpretive center that will honor Tempe's history at Hayden's Ferry and as a Native American dwelling place.

Tempe Marketplace will open in 2008. This outdoor retail and entertainment center will look much like Desert Ridge Marketplace. About 95 percent of the project is preleased. This development near Loop 101 and Loop 202 takes advantage of one of Arizona's more traveled corridors.

The **Tempe Center for the Arts** will open in late 2006 or early 2007. This \$65 million facility will provide a home for Childsplay Theater as well as other performing troupes.

Tempe prides itself on being the Valley's most authentically urban destination. While Tempe is home to about 160,000 residents, more than 100,000 visitors come to the downtown Mill Avenue District each day to work, shop, go to Arizona State University, or relax at Tempe Town Lake.

Tempe's creative atmosphere offers challenging new ideas and opportunities to try new things, such as outrigger canoes on Town Lake, interacting with scientists on the forefront of new technologies at the **Ira A Fulton School of Engineering**, or just hanging out in bookstores and coffee shops and listening to new music on Mill Avenue.

Tempe's Mill Avenue District, with its tree-lined streets and wide sidewalks, serves as a link between Arizona State University's main campus and Tempe Town Lake. This area also provides major entertainment, shopping and recreational opportunities including 175 stores, restaurants and nightclubs, all within walking distance of each other. Bicyclists may find their way to work off any of Tempe's 150 miles of bike paths, some of which circle Tempe Town Lake and wind through the 2,225 acres of the city's park system.

Tempe is the only city in the Metro-Phoenix area that will provide border-to-border light rail access. The first stage of the light rail line, scheduled for completion in 2008, will run from downtown Phoenix through Tempe to the edge of Mesa. The city's bus system will offer numerous connections to light rail, making travel through the metropolitan area easy and environmentally friendly.

Considering all of the current amenities and new developments underway in the city, it's obvious that for enjoyment or investment, Tempe is the "Smart Place To Be."

*Sheri Wakefield-Saenz is the economic development director for the City of Tempe. She can be reached at 480-350-8812. For details on the city, visit www.tempe.gov/business. **CLU***